

ANNOUNCEMENT

TARGET RESOURCES PLC

FIRST DAY OF DEALINGS ON AIM

£4 MILLION RAISED THROUGH AN INSTITUTIONAL PLACING

Target Resources plc (“Target” or the “Company”), the holding company for a group of alluvial diamond and gold mining and exploration companies with assets in Sierra Leone (the “Group”), today announces that it has successfully been admitted to trading on AIM in conjunction with an institutional placing raising approximately £4 million (before expenses).

HIGHLIGHTS

- The Company, through its operating subsidiaries has over seventeen square kilometres under mining leases in the Kono district of Sierra Leone, recognised as the most prospective region for diamond mining in the country;
- The Group is already in production and up to 31 March 2006 has produced 3,976 carats;
- The Company uses external contractors under a revenue share agreement, Three Captains Diamond Mine (Pty) Ltd (“Three Captains”), to mine the Group’s assets, mitigating risk and allowing the acceleration of production without significant capital expenditure;
- Processing of diamondiferous gravels is to increase incrementally to 160,000 tonnes per month by November 2007;
- The Group has forged alliances with local Sierra Leonean chiefdoms, the traditional rulers of Sierra Leone, whereby each chiefdom in which a mining lease lies is a partner in the respective Sierra Leonean operating subsidiary of the Company;



- An average price of US\$470 per carat has been achieved on diamonds sold up to 31 March 2006;
- The proceeds of the placing will be used to make repayments on third party loans, acquire additional mining areas, and to prospect new and existing licence areas.

Westhouse Securities LLP is Nominated Adviser and Broker to Target.

The AIM Admission Document is available from Westhouse Securities LLP, 12th Floor, One Angel Court, London, EC2R 7HJ.

Commenting on the placing and admission to AIM, Nissim Levy, Managing Director said: "Target offers a unique opportunity to invest in a producing diamond miner in the diamondiferous Kono region of Sierra Leone. Target is well established in the area. The relationships Target enjoys with local Government and chiefdoms as well as the highly beneficial agreement with Three Captains provide long term stability to potential earnings."

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See also: www.target-resources.co.uk

Notes to Editors:

PLACING STATISTICS

Placing price per new ordinary share	50 pence
Number of new ordinary shares being issued pursuant to the placing	8,021,400
Number of new ordinary shares being issued pursuant to the capitalisation of shareholder loans	7,873,862
Total proceeds from the placing (before expenses)	£4.01 million
Number of warrants being issued pursuant to the placing	8,021,400
Number of warrants being issued pursuant to the capitalisation of shareholder loans	7,873,862
Number of ordinary shares in issue following Admission	86,759,262
Number of warrants in issue following admission	15,895,262
Market capitalisation following the placing at the placing price	£43.38 million

The Ordinary Shares will be listed on AIM under the symbol TGT and warrants under the symbol TGTW.

INTRODUCTION

Target is the holding company of a group of alluvial diamond mining and exploration companies (referred to hereafter as the “Group”) set up for the purpose of developing diamond and gold mining assets and projects primarily in Sierra Leone. Target was incorporated in England and Wales on 19 September 2005. Sierra Leone is a major producer of gem quality diamonds. Some of the world’s most impressive diamonds have been mined in Sierra Leone. The Group’s licences cover an area of over seventeen square kilometres which are all located within the Kono district, recognised as the most prospective area for diamond mining in Sierra Leone. Each district contains a number of chiefdoms. Jurisdiction over the provincial land lies with the Paramount Chiefs, the traditional rulers of Sierra Leone. Whilst mining licences are issued by the

Ministry of Mineral Resources, mineral rights may not be exercised without the express permission of the landowner, typically the chiefdoms. The Group has forged alliances with the Chiefdoms in which its Mining Leases lie, specifically the Sandoh, Nimikoro and Nimiya chiefdoms. The Chiefdoms are partners in Target's operating subsidiaries.

In March 2005, the Group commenced exploration and alluvial mining of diamonds. Up to 31 March 2006, the date before Three Captains took over mining of the licence areas, 18,847 tonnes of gravel had been mined producing 3,975.67 carats equating to an average of 21.1 cpht. These diamonds have been sold on the open market at an average price of approximately US\$470 per carat. In addition the presence of gold has been identified in the licence areas, and the Group in conjunction with Three Captains is moving equipment to the mine sites to extract and process this.

Target's strategy is to use external mining contractors to mine the Group's assets, mitigating risk and allowing the Group to accelerate the mining of its licence areas without incurring significant capital expenditure. On 4 April 2006, an agreement with Three Captains, under which Three Captains undertook to mine the diamondiferous gravels contained within the licence areas, was entered into. Three Captains agreed to bear all the production costs of alluvial mining in return for a share of 58 per cent. of diamond and gold sales after deduction of export taxes levied in Sierra Leone. Three Captains completed its first month of mining on 30 April 2006, and is obliged to increase monthly production incrementally from 10,000 tonnes in April 2006 to 160,000 tonnes (monthly average) by November 2007.

MINING ASSETS

The Group holds four mining leases across prospective alluvial diamond terrain in the Kono District of Sierra Leone, and a diamond mining tailings dump lease, operations on which have ceased and on which no further processing is foreseen. The Kono District is in eastern Sierra Leone and borders Guinea. It is recognised as the principal diamond mining region of Sierra Leone.

The Mining Leases are specifically within the Chiefdoms. Milestone entered into three joint venture agreements with the Chiefdoms to search and mine for diamonds and gold in these areas. Further details of the License Areas are set out below.

Chiefdom	Mining Lease	Licence Area km²
Sandoh chiefdom	Sandoh 1 Mining Lease	0.620
Sandoh chiefdom	Sandoh 2 Mining Lease	6.612
Nimikoro chiefdom	Nimikoro 2 Mining Lease	3.969
Nimiyama chiefdom	Nimiyama Mining Lease	6.047
		17.248

AGREEMENTS WITH THE CHIEFDOMS

With respect to the Nimikoro and the Nimiyama chiefdoms, the Group is to have 70 per cent. and the chiefdom 30 per cent. of the distributable profits. In addition, all the agreements state that once profitable mining activities have commenced, a monthly fee of US\$10,000 will be paid to the relevant chiefdom in arrears. On 18 February 2006, the Group's agreement with the Sandoh chiefdom was amended in respect of its interest in Sandoh Development. By way of this amendment, it was agreed that from 18 February 2006 the Sandoh chiefdom would receive 11 per cent. of the official export value of all Sandoh Development diamonds after deduction of export tax. Also, it was agreed that the Sandoh chiefdom would not have a 30 per cent. share in dividends payable by Sandoh Development and that it would not share in the loss incurred by Sandoh Development from its date of incorporation to 17 February 2006 or the net liabilities of Sandoh Development as at that date.

THREE CAPTAINS MINING

Three Captains is the only material supplier to the Group. It is a recently incorporated South African mining company under the control of Johan McAlpine, Robert Segren and Johan Lategan each of whom has considerable experience in the mining industry. Three Captains has access to heavy equipment owned by its sister companies, some of which has been transported to Sierra Leone and commissioned at the Group's mine site.

The Mining and Processing Agreement took effect on 1 April 2006. It places upon Three Captains the obligation to mine, by strip mining method and dredging, the diamondiferous gravels contained within the licence areas held by the Group. In return for these services Three Captains will receive 58 per cent. of the revenue after deduction of 6 per cent. export tax.

Three Captains started mining operations on 1 April 2006. When fully operational it is agreed that it will process 160,000 tonnes per month (monthly average) from four separate camps using twelve pan plants and two DMS plants. In addition to the equipment acquired from the Group, Three Captains has begun the process of moving additional equipment into Sierra Leone, to be used in mining the licence areas.

Three Captains is responsible for and will bear the cost of, inter alia, processing the alluvial gravels, providing all necessary equipment, hiring, accommodating and managing employees. The Group will be responsible for and will bear the costs of exploration and prospecting, payment of royalties, licence fees and taxes payable in Sierra Leone as well as the administering of such community projects as shall be agreed by the local community for its benefit. Milestone retains the right, under the Mining and Processing Agreement, to sell all diamonds and gold mined in the licence areas. As part of the Mining and Processing Agreement, Milestone undertakes to procure the best price reasonably obtainable in the shortest time possible after the evaluation of the diamonds and gold. At all times prior to sale to a third party, the diamonds and gold recovered remain the property of Milestone.

DIAMOND SALES

The Group owns and has responsibility for all the diamonds and gold mined within the Licence Areas during the period of the Mining Leases. All diamond concentrate removed from sites is taken to a sort house fitted with a triple locking arrangement. The sorting is carried out with the attendance of a representative from each of Target, Three Captains and the appropriate chieftom. After sorting, diamonds are packaged in parcels that are marked with the weight and number of diamonds. The parcels are then placed in a safe bag and kept under secure conditions, until they are transported under police escort to Freetown, Sierra Leone for valuation and certification.

For more information please visit the Company's website:

www.target-resources.co.uk

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